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CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE 19 April 1955

State Dept. review completed

TO:

Deputy Director (Intelligence)

SUBJECT: American economic assistance for South Asia

- 1. India is currently attempting to eliminate misinterpretations placed on its 6 April invitation to 12 Asian countries to discuss American economic aid to Asia. Both Pakistan and Ceylon apparently have interpreted the invitation as a suggestion that all aid programs be co-ordinated under Indian leadership.
- 2. Ceylon's governor general has told Ambassador Crowe that Colombo did not believe that Mr. Stassen had asked for joint consultation on the lines suggested by India. The proposed conference, according to the governor general, would make India the leader of Asia regarding practically all assistance coming from Western nations and would make the position of small independent countries intolerable. Ceylon therefore had refused India's invitation.
- 3. The Pakistani government, which has apparently not re-25X1 plied to India's invitation, has informally told FOA officials that it does not want a joint approach regarding its aid program with India or any other nation.

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5. Meanwhile, Ceylon is delaying a reply to the second Indian invitation until it gets American views, which it requests urgently. Pakistan, too, has asked the United States for clarification of Mr. Stassen's suggestions.

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- 2